File No. 220

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Collection No. Vil

BANGALORE

Pros. / Serial Nos.

Subject.

Prosecution - False return of Income - Composition.

Previous References.

Later References.

S. 97.

MGIPC—FP—52DCFMis.—(1783)—27-5-25—39,000.

22

From the Central Board of Revenue , No. 869-I.T./28, dated 11-10-29

Draft submitted.

C.V. Ramanathan 23.10.29

AS 23/10

Secretary's

Issue. Then Resdt. shd see.

The last sentence is delightful - I shd like to meet the successful evader who genuinely wished to "purge his offence" !

28.10.29

(Issued No.9697, dated the 16th Nov.1929).

Resident

18/11

18/11

What happened to this between 28.10.29 & 16.11.29 ?

18.11.29

C.No.869-I.T/28.

CENTRAL BOARD OF REVENUE.

Simla, the 11th October 1929.

From

V.S. Sundaram, Esquire,
Secretary, Central Board of Revenue,

To

The Secretary to the Resident and Commissioner of Income-tax, Civil and Military Station,
BANGALORE.

Sir,

Prosecution - False return of income - Composition -.

A case has recently occurred in which it was decided to prosecute an assessee of great wealth, who was also a title-holder and an Hon'y Magistrate, for making a return of income which was false. When the prosecution had been sanctioned the assessee approached the income-tax authorities in order that his offence might be compounded. Protracted negotiations ensued and, as the assessee refused to pay the sum for which the income-tax authorities were willing to compound, the case under the Indian Penal Code proceeded, a conviction was secured, and the assessee was fined. The sentence was considered inadequate and the Local Government filed an application for its enhancement before the High Court. The Hon'ble Judges rejected the application. In

doing...

Court. The Hon'ble Judge rejected the application for...

doing so, they commented unfavourably on the conduct of the Income-tax authorities and particularly on their attempt to recover by means of a threat of prosecution a considerable portion of the income-tax and super-tax which had been avoided in previous years by the assessee.

2. The Board desires that in future in cases of this kind no bargaining of any kind shall take place. If an assessee, whose prosecution has been sanctioned, desires to compound the case, and makes an offer, that offer should be merely accepted or rejected and in no circumstances should a counter offer be made. Moreover, the income-tax authority concerned should not make it his object in any way to recover, under the form of composition, revenue which has been lost by failure on the part of the assessing authority or by successful evasion on the part of the assessee. It is entirely proper to compound for a sum proportionate to the offence which has been committed, and sufficient to make the delinquent smart and to deter him and others from similar courses in the future. But the loss of revenue which has occurred must be endured save to the extent to which the offending assessee genuinely wishes to purge his offence or avoid prosecution by an act of restitution.

I have the honour to be,
Sir,
Your most obedient servant,

Secretary, Central Board of Revenue.

BRS.
14.10.29.

BRS.
14.10.29.

[R.O.106(a).]

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 16/11/ 1929

No. 9697 Enclos. 1

A copy of the marginally* noted letter, ~~with enclosure,~~ is forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore, for information and guidance.

*No. 869-I.T./28
dated the 11th October, 1929
from the Central Board of Revenue.

Secretary to the Resident.

1212—16-3-1929—5,000—RPB.

C.V.R. 23.10.29

V/ 23/10